IN THE CLAIMS

Please amend the claims as follows:

1. (Currently Amended) An auction-redemption system ~~for determining M winning bidder(s) from a plurality of potential bidders for N items(s) of merchandise~~, comprising:

a web server;

an account database for maintaining account records with points, including credit points, that are redeemable and represent payment units for covering bid prices, a first account record of which being associated with a first bidder and a second account record of which being associated with a second bidder, wherein the credit points are not owned by but made available to any bidder who is qualified, and wherein for each group of one or more points there is an expiration date at which unredeemed points from such group are eliminated; and

an auction server operatively linked to the web server for receiving and processing one or more bids one of which being a first bid with a first bid price from ~~a~~ the first bidder and another one of which being a second bid with a second bid price from the second bidder, wherein the auction server is configured to reserve points representing payment units for covering the first bid price from the first account record if, when received, the first bid is deemed valid and points representing payment units for covering the second bid price from the second account record if, when received, the second bid is deemed valid, the auction server being further configured to redeem reserved points of a winning bid from among the one or more bids.

2. (Currently Amended) The auction-redemption system of claim 1, wherein, for any bid that is higher than one or both of the first and second bids, the auction server is further configured to unreserve the reserved points for~~payment units~~ covering the respective one or both of the first and second bid prices.

3. (Currently Amended) The auction-redemption system of claim 1, wherein for determining whether each of the one or more bids is valid the auction server is further configured to determine if such bid satisfies a minimum bid amount and a minimum bid increment amount, and, if such bid is for N items, whether a remaining quantity of items supports such bid, and, if it

was made in connection with a time-limited auction, whether the bid was timely ~~[[M+=1]]M=1 and N=1~~.

4. (Currently Amended) The auction-redemption system of claim 1, wherein ~~M=N~~for the reservation of points the auction server is further configured to set aside the points in a sub-account.

5. (Currently Amended) The auction-redemption system of claim 1, wherein points maintained at the account records in the account database ~~contain~~ include universal points that when earned through one merchant can be redeemed ~~with~~ through another merchant.

6. (Currently Amended) The auction-redemption system of claim ~~2~~1, wherein the points include~~first and second bid prices are covered by payment units including~~ incentive points.

7. (Currently Amended) The auction-redemption system of claim ~~2~~1, wherein unredeemed points can be converted into cash~~the first and second bid prices are payable with money~~.

8. (Currently Amended) An auction processing server for allowing a plurality of bidders to bid on at least one item, comprising:

an account file containing account records of points, including credit points, that are redeemable and represent payment units, where each account record is associated with a bidder, wherein the credit points are not owned by but made available to any of the bidders who is qualified, and wherein for each group of one or more points there is an expiration date at which unredeemed points from such group are eliminated;

a web server operative to receive bids from the plurality of bidders via the Internet, where each bid is associated with a bidder-selected number of ~~payments units~~points; and

a database server operative to reserve the bidder-selected number of ~~payment units~~points from the respective bidder's account record if the selected number of ~~payment units~~points is available in that account record, wherein the reserved bidder-selected number of points of a winning bid for an item are redeemed for that item.

9. (Currently Amended) The auction processing server of claim 8, wherein the web server is operative to receive a first bid of first number of ~~payment units~~points from a first bidder and a second bid of a second number of ~~payment units~~points from a second bidder, and wherein the database server is operative to unreserve the first number of ~~payment units~~points from the first bidder's account record if the first number of ~~payment units~~points is lower than the second number of ~~payment units~~points.

10. (Currently Amended) The auction processing server of claim 8, wherein the ~~payment units~~points contained in the account records include incentive points.

11. (Currently Amended) An auction processing server for allowing a plurality of bidders to bid on at least one item, comprising:

an account database with account records in which ~~that contain~~ points, including credit points, are maintained~~data~~ in encrypted form, the points being redeemable and representing payment units, wherein for each group of one or more points there is an expiration date at which unredeemed points are eliminated, wherein each account record is associated with a bidder, and wherein the credit points are not owned by but made available to any of the bidders who is qualified ~~for storing payment units~~;

~~a~~ first logic operative to receive bids from the plurality of bidders, where each bid is associated with a bidder-selected number of ~~payment units~~points and an automated maximum number of ~~payment units~~points;

~~a~~ second logic operative to reserve each bidder's automated maximum number of ~~payment units~~points from the respective bidder's account record if the bidder's automated maximum number of payment units is available in that account record; and

third logic operative to redeem the reserved points of a winning bid.

12. (Currently Amended) The auction processing server of claim 11, wherein the first logic is further operative to receive a first bid of first number of ~~payment units~~points from a first bidder and a second bid of a second number of ~~payment units~~points from a second bidder, and wherein the second logic is further operative to unreserve the first bidder's number of ~~payment units~~

~~from~~points at the account record of the first bidder if the first number of ~~payment units~~points is lower than the second number of ~~payment units~~points.

13. (Currently Amended) The auction processing server of claim 11, wherein the first logic is further operative to receive a first bid of a first number of ~~payment units~~points from a first bidder and a second bid of a second number of payment units from a second bidder, and wherein the second logic is further operative to unreserve the first bidder's automated maximum number of ~~payment units from~~points at the account record of the first bidder if the first number of payment units is lower than the second number of payment unit.

14. (Currently Amended) The auction processing server of claim 13, wherein the second logic is further operative to unreserve the difference between a winning bid determined at the close of bidding and the automated maximum number of ~~payment units~~points for the bidder with the winning bid if the winning bid is lower than that bidder's automated maximum number of ~~payment units~~points.

15. (Currently Amended) A point-based auction system comprising:

a database with accounts for holding~~a first account representing a number of~~ points in encrypted form, the points including credit points not owned by but made available to users who are qualified and any number of incentive points awarded to such users, the accounts including a first account for a first user and a second account for~~representing a number of points in encrypted form including incentive points awarded to~~ a second user, wherein for each group of one or more points there is an expiration time;

a processor;

a communications port operatively connected to clients associated with the first user and the second user, respectively;

a memory embodying a computer program for taking as an input bids received from the first user and the second user through the communications port, each bid constituting a number of points and relating to an item being auctioned, said computer program having program instructions for causing the processor to perform the steps of: (a) validating each bid by checking ~~each bid~~it against the database to confirm that the user submitting the bid owns at

least the number of points specified in the bid, (b) storing information identifying the current high bid, (c) reserving a number of points equal to the current high bid from the account of the user who submitted that bid ~~such that those points may not be used~~to prevent use of the points for any other purpose unless and until unreserved, (d) unreserving reserved points once a higher bid is received and validated, (e) at the end of the auction, awarding the item to the user with the highest bid at that point, (f) subtracting the number of points representing the winning bid from the account of the user who submitted the winning bid, and (g) discarding from ~~user~~ the accounts any unredeemed points whose time has expired.

16. (Previously Presented) A system as in Claim 15 in which the computer program has further instructions for causing the processor to perform the further step of awarding incentive points to users for actions taken by users.

17. (Currently Amended) A system as in Claim ~~16~~ 15 in which the ~~incentive~~ points are maintained in encrypted form to prevent unauthorized access.

18. Cancelled

19. (Currently Amended) ~~In a networked computer system, an~~An auction method performed by a networked computer system, comprising:

(a~~A~~) ~~providing~~ instantiating in a server a database with a plurality of accounts for holding points in an encrypted form, the points in each account of a user including credit points not owned by but made available to such user if qualified and incentive points if any are awarded to such user, wherein for each group of one or more points there is an expiration time;

~~(b) awarding a quantity of incentive points to a first user, including adding the first quantity of first user incentive points to a first account from among the plurality of accounts;~~

~~(c) awarding a quantity of incentive points to a second user, including adding the quantity of second user incentive points to a second account from among the plurality of accounts;~~

(~~d~~B) operating an auction server for:

(a) initiating an on-line auction for an item, including specifying a minimum number of ~~incentive~~ points required for an opening bid;

_____(~~e~~b) receiving ~~in an auction server~~ a first bid from the first user via a web server;

_____(~~f~~c) comparing the first bid against the minimum number and rejecting the first bid if the first bid is lower than the minimum number;

_____(~~g~~d) comparing the first bid against the number of ~~incentive~~ points available in the first account and rejecting the first bid if the first bid is higher than the number of ~~incentive~~ points available in the first account;

_____(~~h~~e) if the first bid has not been rejected, storing an indication that the first bid is the current high bid and reserving out of the first account a number of ~~incentive~~ points for the first bid;

_____(~~i~~f) receiving ~~in the auction server~~ a second bid from the second user via the web server;

_____(~~j~~g) comparing the second bid against the current high bid and rejecting the first bid if the first bid is lower than the current high bid;

_____(~~k~~h) comparing the second bid against the number of ~~incentive~~ points available in the second account and rejecting the second bid if the second bid is greater than the number of ~~incentive~~ points available in the second stored account;

_____(~~l~~i) if the second bid has not been rejected, storing an indication that the second bid is the current high bid, reserving out of the second account a number of ~~incentive~~ points for the second bid, and unreserving the ~~incentive~~ points previously reserved out of the first account;

_____(~~m~~i) after receipt of n additional bids, closing the auction; and

_____(~~n~~j) awarding the item to the user who submitted the highest valid bid by the close of the auction and removing from that user's account the number of ~~incentive~~ points reserved for that bid, whereby the number of ~~incentive~~ points reserved for the bid are redeemed for the item; and

(~~o~~E) removing by the server any unredeemed ~~incentive~~ points from the first and second accounts in the database if their time has expired.

20. (Currently Amended) The method of Claim 19, wherein incentive points are awarded ~~as a result of~~to a ~~the first~~ user for viewing an advertisement on-line.

21. (Currently Amended) The method of Claim 19, wherein incentive points are awarded ~~as a result of~~to a ~~the first~~ user upon signing up on-line for a service.

22. (Currently Amended) The method of Claim 19, wherein incentive points are awarded ~~as a result of~~to a ~~the first~~ user for providing identification information on-line.

23. (Currently Amended) A computer system comprising:

a first database with at least a first of three entries of points for each user of which the~~including a~~ first entry ~~representing a number of~~ is of points, including incentive points, which are held for such user, the second entry is of points which are reserved for a bid, if made, out of the first entry of points, and the third entry is of credit points not owned but available as a credit to such user if the user is deemed qualified, ~~held by a first user, a second entry representing a number of incentive points held by a second user, a third entry representing a number of incentive points held by the first user which are currently reserved and a fourth entry representing a number of incentive points held by the second user which are currently reserved~~ wherein for each group of one or more points there is an expiration time;

a second database including entries of~~a first entry representing a first item to be auctioned and a second~~ items to be auctioned on which users are capable of submitting a bid of a number of points, wherein if a user's bid for one of the items is a winning bid reserved points from the user's second entry are redeemable for the item;

means for adding incentive points to a user's~~the~~ first entry when the ~~first~~ user performs actions for which incentive points are ~~awarded and for adding incentive points to the second entry when the second user performs actions for which incentive points are~~ awarded;

means for adding incentive points to a user's second~~the third~~ entry when the ~~first~~ user submits a valid ~~high~~ bid higher than any other bid submitted in an ~~auction and for adding incentive points to the fourth entry when the second user submits a valid high bid in an~~ auction;

means for ~~deleting incentive~~ unreserving points from a user's second~~the third~~ entry when a valid bid is received from another user which is higher than the user's valid~~high~~ bid ~~previously submitted by the first user, and for deleting incentive points from the fourth entry when a valid bid is received which is higher than the high bid previously submitted by the second~~

~~user~~; and

means for removing any unredeemed ~~incentive~~ points from entries in the first database whose time has expired.

24. (Currently Amended) A system as in Claim 23, wherein the first database maintains the ~~incentive~~ entries of points in encrypted form.

25. (Currently Amended) A system as in Claim 24, in which the actions for which incentive points are awarded include viewing advertisements on-line.

26. Cancelled.

27. (Currently Amended) A point-based computerized auction system comprising:

a database with accounts, each account being associated with a user and having points, including credit points not owned by but made available to the user if qualified and any number~~a first account representing a number~~ of incentive points awarded to ~~a first~~the user, ~~and a second account representing a number of incentive points awarded to a second user, wherein the incentive points are~~the points being maintained in encrypted form, wherein for each group of one or more points there is an expiration date;

a communications port operatively connected to one or more clients, wherein a client is associated with ~~the first user and the second user, respectively~~ a user;

a processor; and

a memory embodying a computer program having program instructions for causing the processor to perform the steps of: (a) taking as inputs reserve amounts and bids received from ~~the first user and the second~~ users through the communications port, each reserve amount representing a maximum number of ~~the incentive~~ points to be reserved for an auction from a respective user's accont, each bid submitted by a user for one or more items consisting of~~constituting~~ a number of ~~incentive~~ points to be redeemed from the respective user's account, ~~and being related to an item being auctioned, said computer program having program instructions for causing the processor to perform the steps of:~~ (~~a~~b) checking each reserve amount against the database to confirm that the user submitting the bid owns at least the number of ~~incentive~~ points specified in the

respective reserve amount, (~~b~~c) for each reserve amount, subtracting that reserve amount from a respective user's account, (~~c~~d) checking each bid against the database to confirm that the bid is lower than the reserve amount associated with the bid, (~~d~~e) storing information identifying the current high bid, (~~e~~f) unreserving the reserve amount once a higher bid is received and validated, (~~f~~g) at the end of the auction, awarding the item to the user with the highest bid at that ~~point~~instant, and (~~g~~h) removing any unredeemed ~~incentive~~ points whose time has expired.

28. (Currently Amended) The system of claim 27, wherein the computer program includes further instructions for causing the processor to perform the further steps of: (~~h~~i) subtracting the number of points representing the winning bid from the reserve amount to generate an unreserved amount, and (~~i~~j) adding the unreserved amount to the ~~amount of incentive points in the~~ account of the user who submitted the winning bid.

29. (Currently Amended) A method performed by a computer system, comprising:

~~(a) providing~~ instantiating a database in a computer ~~database accessible through~~with a communication port for receiving bids from users, the database being instantiated ~~and~~ for maintaining a plurality of accounts that hold ~~incentive~~ points in encrypted form, wherein in each account for a user the points include incentive points if any are awarded to the user and credit points not owned by the user but made available to such user if qualified, and wherein for each group of one or more points there is an expiration time;

~~(b)~~ awarding a quantity of incentive points to a first user, including accessing the database for adding that quantity to a first one of the accounts associated with the first user;

~~(c)~~ awarding a quantity of incentive points to a second user, including accessing the database for adding that quantity to a second one of the accounts associated with the second user;

~~(d)~~ automatically removing incentive points from the first and second accounts if not redeemed ~~within a period of time after the awarding of such points~~by the expiration time.;

~~(e)~~ initiating by the computer an on-line auction for an item, including:

specifying a minimum number of ~~incentive~~ points required for an opening bid;

~~(f)~~ receiving on-line a first bid from the first user;

~~(g)~~ comparing the first bid against the minimum number and rejecting the first bid if it is lower than the minimum number; and

~~(h)~~ comparing the first bid against the number of ~~incentive~~ points in the first one of the accounts and rejecting the first bid if it is higher than the number of incentive points in that account.

30. (Currently Amended) The method of claim 29, ~~further comprising~~wherein the on-line auction further includes,~~:~~ ~~(i)~~ if the first bid has not been rejected, storing an indication that the first bid is the current high bid and reserving a number of ~~incentive~~ points for the first bid from the first one of the accounts.

31. (Currently Amended) The method of claim 30, ~~further comprising~~wherein the on-line auction further includes:

~~(j)~~ receiving a second bid from the second user;

~~(k)~~ comparing the second bid against the current high bid and rejecting the first bid if it is lower than the current high bid; and

~~(l)~~ comparing the second bid against the number of ~~incentive~~ points in the second one of the accounts and rejecting the second bid if it is higher than the number of ~~incentive~~ points in that account.

32. (Currently amended) The method of claim 31, ~~further comprising~~wherein the on-line auction further includes,~~:~~ ~~(m)~~ if the second bid has not been rejected, storing an indication that the second bid is the current high bid, reserving a number of ~~incentive~~ points for the second bid from the second one of the accounts, and unreserving the number of ~~incentive~~ points previously reserved from the first one of the accounts.

33. (Currently amended) The method of claim 32, ~~further comprising~~wherein the on-line auction further includes:

~~(n)~~ after receipt of n additional bids, closing the auction; and

~~(o)~~ awarding the item to the user who submitted the highest valid bid by the close of the auction and redeeming from that user's account the number of ~~incentive~~ points reserved from the user's account for that bid.

34. Cancelled.

35. (Currently Amended) The method of Claim 29, in which~~:~~ the awarding of incentive points ~~results from~~is in response to ~~the first user~~ viewing an on-line advertisement, signing up on-line for a service, or providing identification information.

36. (Currently Amended) The auction-redemption system of claim 1, wherein the one or more bids are made for N items by M bidders, the first and second bidders being among them, wherein N is a number equal or greater than one (1) while M is a number equal or grater than two (2). ~~method of Claim 29, in which:~~

~~the awarding of incentive points results from the first user signing up for a service.~~

37. Cancelled.